

NATIONAL DAIRY MARKET AT A GLANCE

CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (10/06):
BUTTER: Grade AA closed at \$1.1400. The weekly average for Grade AA is \$1.1533 (-.0284).

CHEESE: Barrels closed at \$1.0100 and blocks at \$1.0600. The weekly average for barrels is \$1.0255 (-.1300) and blocks, \$1.0855 (-.1320).

NONFAT DRY MILK: Extra Grade and Grade A closed at \$1.0300. The weekly average for Extra Grade is \$1.0300 (N.C.) and Grade A, \$1.0300 (N.C.).

BUTTER: The butter market tone remains mixed. Producers and handlers feel that cash prices will probably bounce around within a narrow range during the final months of the year. Churning activity varies across the country depending on cream availability and price. Currently, butter producers report that cream is more available to them than they previously expected. Ice cream production continues to slow and cream based Class II product production has not increased too strongly yet. Stocks of fresh butter are quickly absorbed with additional orders being filled from inventoried stocks. Stocks continue to run heavier than last year at this time, but with current demand outpacing production, inventories are declining on a weekly basis.

CHEESE: The cheese market is weak. Cash prices were lower at the Chicago Mercantile Exchange, staying below CCC price support levels. Heavy seasonal milk and cheese output simply exceed spot cheese interest. Cumulative 8 month U.S. cheddar cheese production, adjusted to remove Feb. 29, totals 1.974 billion pounds in 2000, up 70.7 million pounds (3.7%) from the same period in 1999. Total cheese output during 2000 totals 5.534 billion pounds, up 297.7 million pounds (5.7%) from the same period a year ago. The cumulative increase in total cheese production equates to more than a 1 pound increase in per capita consumption so far.

FLUID MILK: Milk production patterns in many areas of the country are increasing slightly. Favorable weather conditions prevailed in most areas of the U.S. for early fall. Although milk receipts are slightly higher, surplus milk supplies remain limited at many plants. Seasonal increases in solids' levels of milk are beginning to develop in most areas. For October, in the Northeast Marketing area, Federal Order #1, the shipping percentage to bottlers will be increased by 5% from 20 - 25%. It was determined that an increase in the October shipping percentage would bring forth the additional supply needed, but not be so high as to cause uneconomical movements of milk. No decision has been made to increase the shipping percentage for November. Cream markets are generally steady. In many instances, overall cream demand is slow, thus more cream is becoming available to butter operations. Ice cream production continues to edge

lower seasonally while cream cheese and other Class II cream based products are preparing to increase production schedules as the year end holidays near.

DRY PRODUCTS: The nonfat dry milk market is generally steady. Production levels are generally lighter due to lower volumes of surplus milk, although Western production continues to outpace demand and sizable volumes continue to be offered to CCC. Stocks range from limited in the Eastern part of the country to readily available in the West. Buttermilk powder markets are steady to firm. Offerings are limited with many producers short of supplies for full needs. Whey markets are generally steady to slightly weaker in Midwestern and Western areas, while fully steady in Eastern regions. Production is mostly unchanged with some plants attempting to divert milk away from cheese due to recent lower cash prices.

CCC: During the week of October 2 - 6, CCC purchases totaled 7,318,694 pounds of nonfortified NDM from the West and Midwest.

SEPTEMBER AGRICULTURAL PRICES HIGHLIGHTS (NASS):

The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in September 2000 declined 1 point to 118. Compared to September 1999, the index is up 3 points (2.6%). The index of prices received by farmers for dairy products advanced 3 points during the month of September 2000 to 99. Compared with September 1999, the index was down 21 points (17.5%). Prices received by farmers in September with changes from August were: for All Milk \$12.90 per hundredweight, up \$.30; Fluid Grade Milk, \$12.90, up \$.30; and for Manufacturing Grade Milk, \$11.10, up \$.40.

AUGUST 2000 DAIRY PRODUCTS HIGHLIGHTS (NASS): Butter production was 85.5 million pound in August, 9.3% above August 1999, but 1.7% below July 2000. American type cheese production totaled 304.5 million pounds, 3.9% above August 1999, but 5.3% below July 2000. Total cheese output (excluding cottage cheese) was 687.9 million pounds, 6.1% above August 1999, but 0.3% below July. Nonfat dry milk production, for human food, totaled 105.3 million pounds, 9.9% above last August, but 13.5% below July 2000. Dry whey production, for human food, was 90.4 million pounds, 2.2% below August 1999 and 0.4% below July 2000.

CORRECTION IN DAIRY MARKET NEWS REPORT #39, PAGE 10:

Within the Commercial Disappearance table, Fluid Milk Products figures at the bottom of the table for the first seven months of 1999 and 2000 should read: Jan - Jul 1999, 32,151.4 and the Jan - Jul 2000, 31,978.9. The percentage change figures of 1.0 and -1.0 are correct.

******SPECIALS THIS ISSUE******

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**CHICAGO MERCANTILE EXCHANGE
CASH TRADING**

CHEESE: carload = 40,000-44,000 lbs., NONFAT DRY MILK: carlot = 42,000-45,000 lbs., BUTTER: carlot = 40,000-43,000 lbs.

PRODUCT	MONDAY OCTOBER 2	TUESDAY OCTOBER 3	WEDNESDAY OCTOBER 4	THURSDAY OCTOBER 5	FRIDAY OCTOBER 6	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE BARRELS	\$1.0300 (N.C.)	\$1.0300 (N.C.)	\$1.0300 (N.C.)	\$1.0275 (-.0025)	\$1.0100 (-.0175)	-.0200	\$1.0255 (-.1300)
40# BLOCKS	\$1.1100 (N.C.)	\$1.0900 (-.0200)	\$1.0850 (-.0050)	\$1.0825 (-.0025)	\$1.0600 (-.0225)	-.0500	\$1.0855 (-.1320)
NONFAT DRY MILK EXTRA GRADE	\$1.0300 (N.C.)	\$1.0300 (N.C.)	\$1.0300 (N.C.)	\$1.0300 (N.C.)	\$1.0300 (N.C.)	N.C.	\$1.0300 (N.C.)
GRADE A	\$1.0300 (N.C.)	\$1.0300 (N.C.)	\$1.0300 (N.C.)	\$1.0300 (N.C.)	\$1.0300 (N.C.)	N.C.	\$1.0300 (N.C.)
BUTTER GRADE AA	\$1.1500 (-.0200)	-----	\$1.1700 (+.0200)	-----	\$1.1400 (-.0300)	-.0300	\$1.1533 (-.0284)

*Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week. Computed by Dairy Market News for informational purposes. This data is available on the Internet at WWW.AMS.USDA.GOV/MARKETNEWS.HTM

CHICAGO MERCANTILE EXCHANGE

MONDAY, OCTOBER 2, 2000

CHEESE -- SALES: 1 CAR BARRELS @ \$1.0300; 2 CARS 40# BLOCKS: 1 @ \$1.1025, 1 @ \$1.1100; BIDS UNFILLED: 1 CAR BARRELS @ \$0.9900; OFFERS UNCOVERED: 5 CARS BARRELS: 1 @ \$1.0500, 2 @ \$1.0600, 2 @ \$1.0800; 8 CARS 40# BLOCKS: 1 @ \$1.1125, 1 @ \$1.1150, 1 @ \$1.1175, 2 @ \$1.1200, 3 @ \$1.1300

NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

BUTTER -- SALES: 8 CARS: 1 @ \$1.1425, 1 @ \$1.1500, 1 @ \$1.1525, 1 @ \$1.1550, 1 @ \$1.1525, 2 @ \$1.1550, 1 @ \$1.1500; BIDS UNFILLED: 1 CAR @ \$1.1300; OFFERS UNCOVERED: 17 CARS: 2 @ \$1.1525, 2 @ \$1.1550, 1 @ \$1.1575, 2 @ \$1.1600, 1 @ \$1.1625, 1 @ \$1.1650, 2 @ \$1.1675, 3 @ \$1.1700, 1 @ \$1.1750, 2 @ \$1.1800

TUESDAY, OCTOBER 3, 2000

CHEESE -- SALES: 6 CARS BARRELS: 4 @ \$1.0300, 1 @ \$1.0275, 1 @ \$1.0300; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 3 CARS BARRELS: 1 @ \$1.0400, 2 @ \$1.0500; 8 CARS 40# BLOCKS: 1 @ \$1.0900, 1 @ \$1.1000, 1 @ \$1.1025, 1 @ \$1.1050, 1 @ \$1.1075, 2 @ \$1.1100, 1 @ \$1.1125

NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

WEDNESDAY, OCTOBER 4, 2000

CHEESE -- SALES: 8 CARS BARRELS: 2 @ \$1.0300, 2 @ \$1.0275, 4 @ \$1.0300; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 13 CARS BARRELS: 3 @ \$1.0400, 2 @ \$1.0450, 3 @ \$1.0500, 2 @ \$1.0550, 3 @ \$1.0600; 12 CARS 40# BLOCKS: 1 @ \$1.0850, 2 @ \$1.0900, 3 @ \$1.0950, 2 @ \$1.1000, 2 @ \$1.1100, 2 @ \$1.1200

NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

BUTTER -- SALES: 3 CARS: 1 @ \$1.1575, 1 @ \$1.1675, 1 @ \$1.1700; BIDS UNFILLED: 1 CAR @ \$1.1300; OFFERS UNCOVERED: 3 CARS: 2 @ \$1.1700, 1 @ \$1.1800

THURSDAY, OCTOBER 5, 2000

CHEESE -- SALES: 2 CARS BARRELS @ \$1.0275; 1 CAR 40# BLOCKS @ \$1.0950; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 6 CARS BARRELS: 2 @ \$1.0275, 4 @ \$1.0300; 9 CARS 40# BLOCKS: 1 @ \$1.0825, 1 @ \$1.0850, 1 @ \$1.0875, 1 @ \$1.0900, 1 @ \$1.0925, 1 @ \$1.0950, 1 @ \$1.0975, 1 @ \$1.1000, 1 @ \$1.1050

NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

FRIDAY, OCTOBER 6, 2000

CHEESE -- SALES: 1 CAR BARRELS @ \$1.0100; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 12 CARS BARRELS: 2 @ \$1.0100, 2 @ \$1.0150, 1 @ \$1.0200, 1 @ \$1.0225, 2 @ \$1.0250, 4 @ \$1.0275; 10 CARS 40# BLOCKS: 2 @ \$1.0600, 2 @ \$1.0700, 2 @ \$1.0725, 3 @ \$1.0750, 1 @ \$1.0775

NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

BUTTER -- SALES: 5 CARS: 3 @ \$1.1475, 1 @ \$1.1450, 1 @ \$1.1475; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 22 CARS: 1 @ \$1.1400, 1 @ \$1.1425, 3 @ \$1.1450, 1 @ \$1.1475, 2 @ \$1.1500, 2 @ \$1.1525, 2 @ \$1.1550, 1 @ \$1.1575, 1 @ \$1.1600, 2 @ \$1.1625, 2 @ \$1.1650, 2 @ \$1.1675, 1 @ \$1.1700, 1 @ \$1.2500

BUTTER MARKETS

NORTHEAST

The market tone is mixed, although the cash price at the CME continues to edge lower in early week trading. Churning schedules within the Northeast vary from light to moderate. Surplus milk volumes remain in limited supply with some butter operations reducing churning schedules accordingly. Stocks of fresh butter are lighter than current demand is requesting, thus inventoried stocks are being used to supplement orders. Although butter inventories are heavier than last year at this time, producers and handlers have mixed opinions as to having sufficient butter volumes for the balance of the calendar year. In most instances, they feel that prices will remain in a narrow range of current levels and that volumes will be sufficient for the upcoming holidays. Current demand is seasonally fair. Sales of bulk butter, f.o.b. East, are reported in a range of 2.5 - 6 cents over the CME price/average.

CENTRAL

The butter market tone is mixed, with prices generally lower, although firmer at midweek. Butter producers indicate that production schedules are seasonally active. Cream volumes vary, but for the most part are sufficient to maintain steady, early fall, production schedules. Cream offerings are reported to be available, but

prices are higher than many producers desire to pay. Demand for fresh butter continues to outpace production thus inventories continue to be used to supplement current shipments. Inventories continue to run heavier than last year at this time, but not by much. Compared to five months ago, stocks have declined by about 50%. Current demand is seasonally strong. Retail orders are somewhat heavier, enhanced by scattered feature activity with food service orders seasonally fair.

WEST

Butter markets have shown weakness, until midweek, for the last four trading sessions at the CME. Sales activity for fresh butter, both bulk and prints, is excellent. Butter demand is good at both the retail level and in food service channels. Churning at some locations continues to slow seasonally as less milk and cream are available. Demand for cream into other products ranges from fair to good. Some contacts are wondering if more butter will begin to come out of storage stocks for price and time of year reasons. Weekly CME butter stocks declined by 5.1 million pounds this past week. Stocks now stand at 52.7 million pounds, down 51.1 million pounds from the seasonal peak 15 weeks ago. Current prices for bulk butter range from 5 cents under to flat market based on the CME with various time frames and averages involved.

NASS DAIRY PRODUCT PRICES
U.S. AVERAGE AND TOTAL POUNDS

WEEK ENDING	CHEESE		NDM	BUTTER	DRY WHEY
	40# BLOCKS	BARRELS 39% MOISTURE			
SEPTEMBER 30	1.2969 6,255,846	1.2472 6,290,775	1.0142 20,902,502	1.1671 2,983,259	0.1835 8,183,244

Further data and revisions may be found on the internet at: <http://jan.mannlib.cornell.edu/reports/nassr/price/dairy>

CHEESE MARKETS

NORTHEAST

The cheese market is weak. Buyers and sellers are reacting to the sharply lower prices on the Chicago Mercantile Exchange cash cheese market last week. Both blocks and barrels at the CME ended the week below the respective CCC purchase price. Wholesale cheese prices are lower on all varieties except Swiss. Movement is mixed, stronger where buyers take advantage of lower prices but slower where buyers anticipate the weekly average price may decline again this week. Eastern cheese production continues to be affected by tight milk supplies in the area.

WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.2575-1.7250
Cheddar Single Daisies	:	1.2150-1.6750
Cheddar 40# Block	:	1.3575-1.5350
Process 5# Loaf	:	1.3650-1.5400
Process 5# Sliced	:	1.3850-1.6425
Muenster	:	1.4175-1.6250
Grade A Swiss Cuts 10 - 14#	:	2.3500-2.5500

MIDWEST

The cheese market is weak. More than adequate current cheddar offerings in the U.S. simply exceed demand. Prices of both barrels and blocks at the Chicago Mercantile Exchange declined to below the respective CCC purchase price of \$1.0920 for barrels and \$1.1220 for blocks. Some cheese trader/plant operators are starting to believe cash prices may languish in this neighborhood for an extended period. The barrel price is the lowest since early August and the block since mid-May. Some buyers are withholding purchases to wait for the weekly averages to decline to current price levels or are trying to cut deals using current cash market prices. A few buyers are also trying to renegotiate prices on recent past week deliveries. For cheese plant operators, the lower cheese prices coincide with higher Class III milk prices. Demand is generally better for varieties other than current cheddar. Production in the Midwest is steady to slightly higher though several plant operators are noticing a large number of producer sellouts for this time of year.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.3550-1.6000
Brick And/Or Muenster 5#	:	1.6300-1.7725
Cheddar 40# Block	:	1.5825-2.1150
Monterey Jack 10#	:	1.8000-2.1150
Blue 5#	:	1.9175-2.2000
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.6475-2.2150
Grade A Swiss Cuts 6 - 9#	:	2.0000-2.6850

MIDWEST COMMODITY CHEDDAR

Dollars per pound, standard moisture basis (37.8-39.0%),
carlot/trucklot, F.O.B. plants or storage centers.

CHEDDAR STYLES	:	OCTOBER 2 - 6, 2000
BARRELS*	:	\$1.0300 - 1.1550 (NOMINAL)
	:	(-\$.2200) (-.1100)
40# BLOCKS	:	\$1.0850 - 1.2675 (NOMINAL)
	:	(-\$.2050) (-.0850)

() Change from previous week. * If steel, barrel returned.

Based on the historical relationship of the preliminary U.S. Cold Storage report of August 31 and the selected centers storage report, the expected U.S. holdings as of October 1 are:

Butter 74 million pounds plus or minus 2.51 percent
Cheese 605 million pounds plus or minus 3.62 percent

WEST

Cheese price for natural and process cheese moved sharply lower following trading at the CME. Prices are expected to continue to erode over the next few weeks. Prices for both barrels and blocks are substantially below the current government support price at this time. Contacts expect that cheese will be offered to the price support program in the near future. Market price signals indicate that sales to CCC may be the best market option at the present time. Some contacts are not surprised at how far under the support price the market is because they state actual sales have been occurring at a very steep discount to the market price to get product moving. Sales activity is quite variable at this point with some contacts reporting much improved activity because buyers don't expect prices to move any lower so there is not much point in waiting if you need cheese. Also, many buyers have reduced their inventory levels over the past few weeks in anticipation of this very scenario playing out. Swiss sales are very active. Mozzarella demand is increasing seasonally and many buyers are not able to acquire product in a timely fashion.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.3075-1.5675
Cheddar 40# Block	:	1.3425-1.4825
Cheddar 10# Cuts	:	1.5225-1.7425
Monterey Jack 10#	:	1.5325-1.6925
Grade A Swiss Cuts 6 - 9#	:	2.2500-2.4900

FOREIGN

Prices are unchanged on imported and sharply lower on domestic varieties except Swiss. Demand is strengthening seasonally for table cheeses. Unused import licenses were due this week for possible reallocation to other importers. The strong US Dollar relative to the Euro is helping offset increases in European prices and higher freight rates.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Roquefort	: TFEWR	: -0-
Blue	: 2.6400-3.1400	: 1.5600-3.0550*
Gorgonzola	: 3.2400-5.9400	: 2.1150-2.4900*
Parmesan (Italy)	: TFEWR	: 2.9750-3.0000*
Romano (Italy)	: 2.1000-2.5400	: -0-
Provolone (Italy)	: 3.4400-5.5000	: 1.5750-1.8450*
Romano (Cows Milk)	: -0-	: 2.7500-4.9250*
Sardo Romano (Argentina)	: 2.6500-3.2900	: -0-
Reggiano (Argentina)	: 2.6500-3.2900	: -0-
Jarlsberg (Brand)	: 2.7400-3.3100	: -0-
Swiss Cuts Switzerland	: -0-	: 2.3500-2.5500
Swiss Cuts Finnish	: 2.5900-2.8500	: -0-
Swiss Cuts Austrian	: 2.2500-2.7500	: -0-
Edam	:	:
2 Pound	: TFEWR	: -0-
4 Pound	: 2.1900-3.0900	: -0-
Gouda, Large	: 2.3900-3.1500	: -0-
Gouda, Baby (\$/Dozen)	:	:
10 Ounce	: 27.8000-31.7000	: -0-

* = Price change.

WEEKLY COLD STORAGE HOLDINGS-SELECTED STORAGE CENTERS
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

	BUTTER	CHEESE
10/02/00	18,028	142,438
9/01/00	24,718	140,186
CHANGE	-6,690	+2,252
% CHANGE	-27	+2

FLUID MILK AND CREAM

E A S T

Weather conditions in the Northeast have been nearly ideal for good milk production patterns. Within the past few weeks, milk output has been showing signs of slight recovery. Although overall milk receipts are higher, surplus milk is still limited. Fat tests on incoming milk are also reported to be higher. Milk production in the Southeast is also somewhat stronger. This week, Florida milk handlers have scheduled 138 loads of milk to be shipped into the state from Northern areas. This compares to 135 last week and 108 loads last year. Florida handlers are reporting that the migration of Northern "Snowbirds" has started, thus they are expecting bottled milk demand to improve. For October, in Federal Order #1, the Northeast Marketing area, the shipping percentage to bottlers will be increased by 5% (20% to 25%). It was determined that an increase in the October shipping percentage would bring forth the additional supply needed, but not be so high as to cause uneconomical movements of milk. This adjustment was initiated by a written request of pool handlers and a subsequent investigation. Early in September, pool handlers were requested to file information concerning expected supply and demand conditions. Based on the responses received, it appeared that an adjustment of the shipping percentages might be appropriate. This was due to a perceived need for a small but not insignificant additional supply, primarily for distributing plants in the greater New York City metropolitan area and some regions of upstate New York. No decision has yet been made to increase the shipping percentages for November. Condensed skim markets are basically steady, with demand somewhat lighter. Cream markets are steady to weaker. Pricing multiples have held basically steady but overall prices are lower due to the CME butter average basing point. Cream demand remains seasonally active. Cream cheese production is pulling some additional cream at this time, but for the most part, cream cheese production has not improved too much as of yet. Butter operations continue to report moderate production schedules. Some report that surplus cream offerings are more available, while others indicated steady offerings.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. PRODUCING PLANTS: NORTHEAST	-	1.5244-1.7016
DELIVERED EQUIVALENT ATLANTA	-	1.5362-1.7016 M 1.5835-1.6307
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	1.5835-1.7016
PRICES OF CONDENSED SKIM, \$ PER LB WET SOLIDS		
F.O.B. PRODUCING PLANTS:		
NORTHEAST- CLASS II - INCLUDES MONTHLY FORMULA PRICES	-	1.0600-1.1400
NORTHEAST- CLASS III - SPOT PRICES	-	.8900-1.0100

M I D W E S T

SPOT SHIPMENTS:	LOADS
SEPTEMBER 29 - OCTOBER 5, 2000	21
PREVIOUS WEEK	25
COMPARABLE WEEK IN 1999	35

DESTINATIONS: TENNESSEE 21

Class I demand is steady to improved, bolstered by retail feature activity in some markets. Manufacturing milk demand is steady to occasionally slower. Manufacturing milk prices are about steady, mostly in the \$2.75 - 3.00 over class area, but offered prices appear to be ratcheting down after last weeks' sharp declines in cash cheese prices at the Chicago Mercantile Exchange. Some slowdown in interstate milk demand is occurring from peak levels of about a month ago. A total of 35 reported loads of Wisconsin milk are direct shipped to Missouri, 21 to Tennessee and 10 to Kentucky and pooled under other federal orders. Cream demand is seasonally good, bolstered by good cream cheese interest. Some seasonal increases are noted in plant milk receipts, but generally milk intakes are trending lower. Manufacturing schedules are about steady though instances of higher and lower are noted, depending on milk

shipments and intakes. Fat and protein tests continue to climb seasonally. A seemingly larger than normal number of dairy producer sellouts are occurring in parts of the upper Midwest such as Wisconsin. Certainly, the expectation of milk prices possibly staying around levels of earlier this year for an extended period is not a positive factor. Good progress is occurring on fall harvest and tillage operations but progress has been slowed by high crop moisture content in some fields. Forecast for frost over widespread areas of the upper tier of states along with possible snow flurries during the upcoming weekend should end the growing season.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	SEP 28 - OCT 4	PREVIOUS YEAR
SLAUGHTER COWS	\$ 36.00- 41.50	\$ 34.00- 39.00
REPLACEMENT HEIFER CALVES	\$300.00-380.00	\$240.00-325.00

SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	SEP 28 - OCT 4	PREVIOUS YEAR
SLAUGHTER COWS	\$ 35.00- 46.00	\$ 32.00- 43.50

W E S T

The September 4a price (butter/powder) in California is \$11.84, down 2 cents from August and 68 cents lower than last year. The September 4b (cheese) is \$11.32, up 75 cents from August but \$3.74 lower than last year. August pool receipts of milk in California total 2.623 billion pounds, 3.6% higher than last year. Cumulative pool output through eight months of 2000 totals 21.193 billion pounds (unadjusted for extra day in February 2000), up 7.5% from the comparable period in 1999. The August blend price, at a fat test of 3.59%, is \$11.71, 9 cents higher than July. The percentage of receipts used in Class 1 products is 20.81%. The August quota price is \$13.02 and the base and overbase prices are \$11.32. These prices are 2 cents higher than last month but \$3.12 lower than August 1999. Milk production is steady to slightly higher across much of California. Some more pronounced increases are noted in areas where milk declined due to hot weather several weeks ago. Seasonal increases in solids' levels of milk are beginning to develop. Dry conditions are prevalent across the state. Plant capacity is available to process milk, but production levels are beginning to show seasonal increases. Cropping conditions remain good and feed is available and affordable, despite lower milk prices. Milk volumes remain above year ago levels across New Mexico. Cow numbers continue to increase as expansions and new facilities come on line. Currently, production is being somewhat tempered by near or record high temperatures. Nighttime temperatures are cooling to allow cow comfort. Alfalfa prices are about steady. In the southern areas, the sixth cutting is being harvested. In the north, the fourth cutting is being completed. Cream prices are often trending lower. Multiples are declining and range from 115 to 125 FOB in the West. The biggest concerns are over trucking issues and fuel surcharges being added to transportation costs. Demand for cream has slowed and more cream is starting to show up at churns, where seasonal activity is increasing at some locations. Most plants indicate that milk intakes are beginning to rebound from their seasonal low points in the Pacific Northwest. Fall weather patterns are leading to ideal production conditions. Low feed prices remain a positive factor in maintaining the milk flow. Hay stocks appear to be adequate at this time. Prices remain firm and are expected to continue that way through the winter. If the winter becomes very harsh, hay availability will become more of a concern. With prices for barrels and blocks at the CME falling substantially below the support price, contacts are wondering if producers will begin to change their plans about future growth and expansion. Two indicators will be culling rates and prices paid for heifers. Milk output in Utah and Idaho is variable, ranging from slight declines to seasonal increases. Extension agents are noting that they are not seeing the planning at this time for continued expansions or new facilities because of the lower milk prices. Contacts are wondering if large volumes of cheese will end up being offered to the government price support program during this cycle.

CENTRAL AND WEST DRY MILK PRODUCTS

All reports, except California manufacturing plants, were released 10/05/00 and represent FOB Central and Western production areas. Prices represent CL/TL quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL

Prices are unchanged on a steady market. Mild to cooler temperatures are encouraging milk output and NDM production. While supplies are increasing, demand continues to improve with some buyers adding loads to regular contracted commitments. Inventories are in balance to somewhat heavy as movement continues into government programs. Unconfirmed offers are being reported below the range. Grade A and high heat product are steady to firm. Production of human food, nonfat dry milk during August 2000 totaled 105.3 million pounds, up 9.9% from August 1999 but 13.5% below July 2000. Month ending stocks, at 151.4 million pounds, are 39.2% above a year ago but 20.1% lower than a month ago.

Includes EXTRA GRADE and GRADE A, low and medium heat

NONFAT DRY MILK: 1.0100 - 1.0400 MOSTLY: 1.0150 - 1.0250

DRY BUTTERMILK - CENTRAL

Prices are nominal and unchanged on a steady market. Current production is very difficult to find in the Central region with most buyers looking to the coasts for any spot demand. Some aged product is available from more than a year ago for the light interest. Inventories are generally committed with most plants struggling to keep up with any additional interest from contracted buyers. While condensed continues to clear, buyers are anticipating a slow down as ice cream demand decreases. However, most plants do not expect changes in supply until perhaps the end of November or beginning of December. Dry buttermilk production during August 2000 totaled 2.8 million pounds, down 6.9% from August 1999 and 10.7% lower than July 2000. Month ending stocks, at 3.4 million pounds, are 36.6% below last year and 10.6% lower than last month.

BUTTERMILK: .9825 - 1.0200

DRY WHEY - CENTRAL

Prices are unchanged to lower on a mostly steady market. Supplies are unchanged to a little heavier than anticipated. Some discounting is occurring into export markets, especially as a factor of competition with the West coast. Domestic demand is fair with feed demand generally lackluster. Production is mostly unchanged with some plants attempting to divert milk away from cheese due to the recent lower prices. Condensed whey is tight dependent upon location. Off grade supplies are heavy and often difficult to clear. Production of human food, dry whey during August 2000 totaled 90.4 million pounds, 2.2% less than August 1999 and 0.4% below July 2000. Month ending stocks, at 47.8 million pounds, are 2.5% above a year ago but 1.5% lower than July 2000.

NONHYGROSCOPIC: .1600 - .1950 MOSTLY: .1700 - .1800

ANIMAL FEED WHEY - CENTRAL

Prices are mixed as markets continue to adjust to changes in the Extra Grade whey and WPC markets. Demand for milk replacer is slow with totes being reported as "beyond dirt cheap" at prices 3-5 cents below the range. As many feed buyers fill their pipelines for the year, negotiations are beginning for orders in 2001. Roller ground movement is generally unchanged. Delactose movement is strong into the food sector and mixed into feed outlets. Buyers report offers below the range while producers see a seasonal increase in demand at steady prices. Production of animal feed, dry whey during August 2000 totaled 8.3 million pounds, 28.5% more than August 1999 but 12.7% below July 2000. Month ending stocks, at 12.2 million pounds, are 42.8% above a year ago and 6.4% lower than July 2000.

MILK REPLACER: .1400 - .1550

ROLLER GROUND: .1600 - .1850

DELACTOSE (Min. 20% protein): .3750 - .4000

LACTOSE - CENTRAL AND WEST

Prices are unchanged to lower on a steady market. Negotiations for the fourth quarter continue, especially on export contracts. While contracts reported thus far are trending lower than third quarter, prices are generally in line with the current average. Domestic demand is slow. Some brokers looking for large blocks continue to bid lower. Most sellers are resisting discounting as prices are believed to have bottomed. Export movement is steady with some noted increases on Asian inquiries. Higher mesh sizes continue to clear the best. Supplies are mixed with some producers sold out and others running somewhat long. Lactose production during August 2000 totaled 39.6 million pounds, up 4.3% from August 1999 but 0.5% lower than July 2000. Month ending stocks, at 27.2 million pounds, are 47.5% higher than a year ago and 7.8% more than last month. Production totals for selected regions with changes from 1999 include: East North Central, 8.9 million pounds, +2.1%; West North Central, 13.7 million pounds, -1.7%; and West, 16.3 million pounds, +15.4%.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.

EDIBLE: .1450 - .2100 MOSTLY: .1600 - .1700

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices are unchanged to lower on a mixed market. Movement in the market is complicated by the changing structure in WPC production and use. While food demand is generally good, feed interest is light. Plants catering to feed demands are moving more condensed and discounting some supplies to satisfy inventory build up. Some plants are also moving more condensed due to manufacture problems and are therefore shorting customer needs. Export demand is strong, especially into Mexico and Asia. As a competitive substitute to NDM, WPC remains attractively priced. However, cheaper exports into Asia from Australia are now also competing for demand. General condensed availability varies depending upon location with high protein plants taking on as much as possible to meet the increasing interest. Off grade 34% and 80% are readily available and competitive with EU MPC and WPC off grade. Production of human food WPC during August 2000 totaled 29.1 million pounds, up 7.5% from August 1999 but 0.6% lower than July 2000. Manufacturers' end-of-month stocks totaled 17.0 million pounds, 3.4% higher than a year ago but 9.0% below last month. Production totals for selected states with changes from 1999 include: California, 8.7 million pounds, +10.7%; Minnesota, 4.3 million pounds, +7.3%; and Wisconsin, 4.0 million pounds, -4.6%.

EXTRA GRADE 34% PROTEIN: .7000 - .7725 MOSTLY: .7325 - .7425

NONFAT DRY MILK - WEST

Prices for both series are unchanged. Market conditions are little changed from recent weeks. Surpluses continue to clear to the CCC. Some additional seasonal demand is evident. Concerns over the sharp declines in cheese prices and what affects that will have on NDM utilization in cheese production are being expressed. Also, there may be a shift in production toward more butter/powder if butter markets remain above support. For the week of September 25 - 29, net CCC purchases totaled 8.6 million pounds of nonfortified and 0.5 million pounds of fortified, from Western and Midwestern suppliers. During the Fiscal Year, October 1, 1999 to September 30, 2000, the CCC purchased 489,983,235 pounds of NDM under the price support program. This compares to 186,065,303 pounds during the prior Fiscal Year. U.S. NDM production in August totaled 105.3 million pounds, up 9.9% from last year but 13.5% less than July. Unadjusted, cumulative U.S. NDM production through August is running 10.3% higher than the same period in 1999. August production in California totaled 50.4 million pounds, down 3.7% from last year, and Washington output totaled 15.7 million pounds, up 8.3% from a year ago. Stocks at the end of August were reported at 151.4 million pounds, up 39.2% from last year but 20.1% lower than last month.

Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT: .9900 - 1.0225 MOSTLY: 1.0000 - 1.0150

HIGH HEAT: 1.0200 - 1.0750

DRY BUTTERMILK - WEST

Prices are trending higher. The market undertone is steady to firm. Buyers are beginning to reluctantly pay higher prices to secure often scarce loads. Suppliers continue to be behind schedule on contracts. Some suppliers would like production to be higher to restock. Currently stocks are light. U.S. buttermilk powder production in August totaled 2.8 million pounds, down 6.9% from last year and 10.7% lower than July. Stocks at the end of August were reported at 3.4 million pounds, down 36.6% from a year earlier and 10.6% below July.

BUTTERMILK: .9400 - .9800 MOSTLY: .9400 - .9600

DRY WHEY - WEST

Stocks seem to be becoming more of a concern at many locations. Discounts are being noted and prices are off fractionally. Domestic buying interest is about steady. New export sales are slow to develop. Production is a bit higher than anticipated for October. U.S. edible whey production in August was down 2.2% from a year earlier at 90.4 million pounds. Stocks at the end of the month total 47.8 million pounds, up 2.5% from last year.

NONHYGROSCOPIC: .1700 - .1950 MOSTLY: .1800 - .1875

CALIFORNIA MANUFACTURING PLANTS - NONFAT DRY MILK

WEEK ENDING	PRICE	POUNDS
September 29	\$1.0105	13,012,129
September 22	\$1.0089	10,417,502

Prices are weighted averages for Extra Grade and Grade A Nonfat Dry Milk, f.o.b. California manufacturing plants. Prices for both periods were influenced by effects of long-term contract sales. Compiled by Dairy Marketing Branch, California Department of Food and Agriculture.

NORTHEAST, SOUTHEAST, AND NATIONAL MILK PRODUCTS

All reports represent carlot/trucklot quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound, unless otherwise specified. Delivered Southeast is delivered equivalent Atlanta.

NONFAT DRY MILK - NORTHEAST AND SOUTHEAST

Skim powder markets remain firm. Stocks of powder are reported as limited in this part of the country. The recently announced shipment percentage increase to bottlers in the Northeast is putting additional pressure on manufacturing schedules in the region. Surplus milk volumes were already limited in the Northeast, thus powder producers are stating that this will further limit powder output and potentially firm prices. Stocks of available powder in the Northeast are limited. NDM demand remains quite strong and some buyers are reaching to Western areas to satisfy their needs. Production of human food, nonfat dry milk during August 2000 totaled 105.3 million pounds, up 9.9% from August 1999 but 13.5% below July 2000. Month ending stocks, at 151.4 million pounds, are 39.2% above a year ago but 20.1% less than a month ago.

Includes EXTRA GRADE AND GRADE A

F.O.B. NORTHEAST:

LOW/MEDIUM HEAT: 1.0400 - 1.0800 MOSTLY: 1.0400 - 1.0450
HIGH HEAT: 1.0900 - 1.1000 MOSTLY: 1.0900 - 1.0950

DELVD SOUTHEAST:

ALL HEATS: 1.0400 - 1.1100

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices are unchanged. Current markets are fully steady with a firm undertone. Resale loads continue to be reported above and below the current range. Production levels remain light as churning activity is moderate at best. Stocks are tight and spot availability is limited. Powder that is available is clearing to regular or contract buyers. Dry buttermilk production during August 2000 totaled 2.8 million pounds, down 6.9% from August 1999 and 10.7% less than July 2000. Month ending stocks, at 3.4 million pounds, are 36.6% less than last August and 10.6% less than a month ago.

F.O.B. NORTHEAST: .9600 - .9800

DELVD SOUTHEAST: .9700 - 1.0000

DRY WHOLE MILK - NATIONAL

Whole milk powder markets are generally steady at unchanged prices. Overall production is light as limited surplus milk volumes are being directed towards other manufactured dairy products. Stocks are in close balance and basically being generated when needed. Demand is fair at best. Dry whole milk production during August 2000 totaled 8.0 million pounds, down 23.4% from August 1999 and 10.5% below July 2000. Month ending stocks, at 7.7 million pounds, are 20.0% above a year ago but 17.4% less than last month.

F.O.B. PRODUCING PLANT: 1.2075 - 1.3200

DEIP BID ACCEPTANCE SUMMARY

JULY 1, 2000 THROUGH SEPTEMBER 29, 2000
WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK -- 12,750 MT (28,108,650 LBS)

CHEESE -- 3,030 MT (6,679,938 LBS)

This program-year's allocation is filled.

Allocations for the DEIP year beginning July 1, 2000: Nonfat dry milk - 68,201 MT; Cheese - 3,030 MT; Butterfat - 21,097 MT.

DRY WHEY - NORTHEAST AND SOUTHEAST

Prices are basically steady on both Extra Grade and Grade A. Cheese production in the Eastern part of the country is not overly aggressive. An increase in the fluid shipping percentage to bottlers for October is limiting surplus milk availability and causing what milk is available to be diverted toward other manufactured products. Whey stocks are reported to be limited and some producers/handlers indicate that they are sold out for the balance of the month. Overall demand is slow and unaggressive, with much of current production clearing to export. Production of human food, dry whey during August 2000 totaled 90.4 million pounds, 2.2% less than August 1999 and 0.4% below July 2000. Month ending stocks, at 47.8 million pounds, are 2.5% above last year but 1.5% less than a month ago. Production of animal feed, dry whey during August totaled 8.3 million pounds, 28.5% more than August 1999 but 12.7% less than July 2000.

F.O.B. NORTHEAST: EXTRA GRADE .1800 - .1950
USPH GRADE A .1850 - .2050
DELVD SOUTHEAST: .2100 - .2250

EVAPORATED MILK - NATIONAL

The evaporated milk market is steady with prices unchanged. Production of evaporated milk has been steady. Stocks of evaporated milk are reported to be in pretty good balance as the year end holidays approach. Demand continues to center around replacement needs. Canned evaporated milk production during August 2000 totaled 36.7 million pounds, 14.1% less than August 1999 but 17.7% higher than July 2000. Month ending stocks, at 65.3 million pounds, are 5.3% more than a year ago and 0.1% above last month.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED

MAJOR U.S. CITIES \$20.00 - 33.00

Excluding promotional and other sales allowances. Included new price announcements.

CASEIN - NATIONAL

Casein markets and prices are firm. A new quarter has arrived and quarterly contracted prices are higher. Most producers and handlers continue to report that they will be meeting their contractual commitments, although deliveries might be delayed. Spot availability is tight. It is still unclear as to stock availability from the Oceania region above and beyond contractual commitments. At this point, most domestic buyers feel that stocks will continue to be limited and prices will remain firm.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE FOR
EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND
QUALITY.

RENNET: 2.2500 - 2.3500
ACID: 2.3000 - 2.4500

COMMODITY	: : REPORT NUMBER 35		: : REPORT NUMBER 36		: : REPORT NUMBER 37		: : REPORT NUMBER 38		: : REPORT NUMBER 39		: : 2000		: : 1999	
	: : SEP 01		: : SEP 04 - 08		: : SEP 11 - 15		: : SEP 18 - 22		: : SEP 25 - 29		: : Average or Total		: : Average or Total	
CHEESE														
MIDWEST COMMODITY CHeddar														
-- Cheddar Barrel s	: :	1.1625 - 1.2025	: :	1.1875 - 1.2500	: :	1.2425 - 1.2800	: :	1.2700 - 1.3050	: :	1.2500 - 1.2650	: :	1.2544	: :	1.5324
-- Cheddar 40# Blocks	: :	1.2700 - 1.3425	: :	1.3125 - 1.3475	: :	1.3025 - 1.3825	: :	1.3200 - 1.3750	: :	1.2900 - 1.3525	: :	1.3341	: :	1.6726
WISCONSIN (WSP, Delivered, LTL)														
-- Process American 5# Loaf	: :	1.3625 - 1.5600	: :	1.3875 - 1.5600	: :	1.4525 - 1.6000	: :	1.4700 - 1.6000	: :	1.4700 - 1.6000	: :	1.5169	: :	1.9590
-- Brick And/or Muenster 5#	: :	1.5900 - 1.8500	: :	1.5900 - 1.8550	: :	1.6300 - 1.8900	: :	1.6300 - 1.8825	: :	1.6300 - 1.8800	: :	1.7483	: :	2.1862
-- Cheddar 40# Block	: :	1.5900 - 2.1150	: :	1.5900 - 2.1150	: :	1.6300 - 2.1150	: :	1.6300 - 2.1150	: :	1.6300 - 2.1150	: :	1.8675	: :	2.0801
-- Monterey Jack 10#	: :	1.7900 - 2.1150	: :	1.7900 - 2.1150	: :	1.8300 - 2.1150	: :	1.8300 - 2.1150	: :	1.8300 - 2.1150	: :	1.9675	: :	2.2352
-- Blue 5#	: :	1.9850 - 2.1600	: :	1.9900 - 2.1600	: :	2.0250 - 2.2000	: :	2.0175 - 2.2000	: :	2.0150 - 2.2000	: :	2.1008	: :	2.5407
-- Mozzarella 1/2 - 6#	: :	1.6100 - 2.2150	: :	1.6100 - 2.2150	: :	1.6500 - 2.2150	: :	1.6500 - 2.2150	: :	1.6500 - 2.2150	: :	1.9275	: :	2.1551
-- Grade A Swiss Cuts 6 - 9#	: :	2.0000 - 2.6850	: :	2.0000 - 2.6850	: :	2.0000 - 2.6850	: :	2.0000 - 2.6850	: :	2.0000 - 2.6850	: :	2.3425	: :	2.5482
NORTHEAST (WSP, Delivered, LTL)														
-- Cheddar 10# Prints	: :	1.3250 - 1.7925	: :	1.3300 - 1.7975	: :	1.3650 - 1.8325	: :	1.3575 - 1.8250	: :	1.3550 - 1.8225	: :	1.5854	: :	1.9663
-- Cheddar Single Daisies	: :	1.2825 - 1.7425	: :	1.2875 - 1.7475	: :	1.3225 - 1.7825	: :	1.3150 - 1.7750	: :	1.3125 - 1.7725	: :	1.5391	: :	1.9515
-- Cheddar 40# Block	: :	1.4250 - 1.6025	: :	1.4300 - 1.6075	: :	1.4650 - 1.6425	: :	1.4575 - 1.6350	: :	1.4550 - 1.6325	: :	1.5404	: :	1.9381
-- Process 5# Loaf	: :	1.3725 - 1.5475	: :	1.3975 - 1.5725	: :	1.4625 - 1.6375	: :	1.4800 - 1.6550	: :	1.4800 - 1.6550	: :	1.5413	: :	1.8467
-- Process 5# Sliced	: :	1.3925 - 1.6500	: :	1.4175 - 1.6750	: :	1.4825 - 1.7400	: :	1.5000 - 1.7575	: :	1.5000 - 1.7575	: :	1.6025	: :	1.9013
-- Muenster	: :	1.4850 - 1.6925	: :	1.4900 - 1.6975	: :	1.5250 - 1.7325	: :	1.5175 - 1.7250	: :	1.5150 - 1.7225	: :	1.6154	: :	2.0551
-- Grade A Swiss Cuts 10 - 14#	: :	2.3500 - 2.5500	: :	2.3500 - 2.5500	: :	2.3500 - 2.5500	: :	2.3500 - 2.5500	: :	2.3500 - 2.5500	: :	2.4500	: :	2.4500
WEST COAST (WSP, Delivered, LTL)														
-- Process 5# Loaf	: :	1.3150 - 1.5750	: :	1.3400 - 1.6000	: :	1.4050 - 1.6650	: :	1.4225 - 1.6825	: :	1.4225 - 1.6825	: :	1.5263	: :	1.8332
-- Cheddar 40# Block	: :	1.4125 - 1.5525	: :	1.4175 - 1.5575	: :	1.4525 - 1.5925	: :	1.4450 - 1.5850	: :	1.4450 - 1.5850	: :	1.5098	: :	1.8963
-- Cheddar 10# Cuts	: :	1.5925 - 1.8125	: :	1.5975 - 1.8175	: :	1.6325 - 1.8525	: :	1.6250 - 1.8450	: :	1.6250 - 1.8450	: :	1.7298	: :	2.1163
-- Monterey Jack 10#	: :	1.6025 - 1.7625	: :	1.6075 - 1.7675	: :	1.6425 - 1.8025	: :	1.6350 - 1.7950	: :	1.6350 - 1.7950	: :	1.7098	: :	2.1013
-- Grade A Swiss Cuts 6 - 9#	: :	2.2000 - 2.4500	: :	2.2500 - 2.4900	: :	2.2500 - 2.4900	: :	2.2500 - 2.4900	: :	2.2500 - 2.4900	: :	2.3678	: :	2.4364
FLUID AND DRY PRODUCTS														
SPOT PRICES OF CLASS II CREAM (\$ per lb. butterfat)														
-- Northeast - f.o.b	: :	1.5642 - 1.7064	: :	1.5402 - 1.6846	: :	1.4902 - 1.6507	: :							

MONTHLY SUMMARY AND AVERAGES FOR SEPTEMBER 2000 1/ - (UNLESS OTHERWISE NOTED, PRICES ARE DOLLARS PER POUND, CL/TL)

COMMODITY	REPORT NUMBER 35	REPORT NUMBER 36	REPORT NUMBER 37	REPORT NUMBER 38	REPORT NUMBER 39	2000	1999
	SEP 01	SEP 04 - 08	SEP 11 - 15	SEP 18 - 22	SEP 25 - 29	Average or Total	Average or Total
DRY PRODUCTS							
NONFAT DRY MILK							
-- Central (f.o.b.)							
-- Low/Medium Heat	1.0100 - 1.0375	1.0100 - 1.0375	1.0100 - 1.0375	1.0100 - 1.0400	1.0100 - 1.0400	1.0244	1.0486
-- Mostly	1.0150 - 1.0250	1.0150 - 1.0250	1.0150 - 1.0250	1.0150 - 1.0250	1.0150 - 1.0250	1.0200	1.0445
-- West (f.o.b.)							
-- Low/Medium Heat	1.0000 - 1.0225	1.0000 - 1.0225	1.0000 - 1.0225	1.0000 - 1.0225	0.9900 - 1.0225	1.0100	1.0183
-- Mostly	1.0000 - 1.0100	1.0000 - 1.0100	1.0000 - 1.0100	1.0000 - 1.0150	1.0000 - 1.0150	1.0063	1.0171
-- High Heat	1.0300 - 1.0750	1.0300 - 1.0750	1.0300 - 1.0750	1.0300 - 1.0750	1.0200 - 1.0750	1.0513	1.0430
-- Northeast (f.o.b.)							
-- Low/Medium Heat	1.0200 - 1.0500	1.0150 - 1.0500	1.0200 - 1.0500	1.0400 - 1.0500	1.0400 - 1.0700	1.0420	1.0531
-- Mostly	1.0300 - 1.0350	1.0300 - 1.0350	1.0300 - 1.0350	1.0400 - 1.0450	1.0400 - 1.0450	1.0375	1.0550
-- High Heat	1.0800 - 1.1000	1.0800 - 1.1000	1.0800 - 1.1000	1.0900 - 1.1000	1.0900 - 1.1000	1.0925	1.0893
-- Mostly	1.0800 - 1.0850	1.0800 - 1.0850	1.0800 - 1.0850	1.0900 - 1.0950	1.0900 - 1.0950	1.0875	1.0793
-- Southeast (Delvd)							
-- Extra & Grade A	1.0300 - 1.1100	1.0300 - 1.1100	1.0300 - 1.1100	1.0300 - 1.1100	1.0400 - 1.1100	1.0713	1.0967
WHEY POWDER (Nonhygroscopic)							
-- Central (f.o.b.)	0.1600 - 0.1900	0.1600 - 0.1900	0.1600 - 0.1850	0.1625 - 0.1850	0.1650 - 0.1950	0.1753	0.2079
-- Mostly	0.1750 - 0.1850	0.1750 - 0.1850	0.1750 - 0.1850	0.1700 - 0.1800	0.1700 - 0.1800	0.1775	0.2025
-- West (f.o.b.)	0.1700 - 0.2025	0.1700 - 0.2025	0.1700 - 0.2025	0.1700 - 0.2000	0.1700 - 0.1975	0.1853	0.1902
-- Mostly	0.1800 - 0.1875	0.1800 - 0.1875	0.1800 - 0.1875	0.1800 - 0.1875	0.1800 - 0.1875	0.1838	0.1857
-- Northeast Extra Grade (f.o.b.)	0.1850 - 0.1950	0.1800 - 0.1950	0.1850 - 0.1950	0.1850 - 0.1950	0.1800 - 0.1950	0.1889	0.2042
-- Northeast Usph Grade A (f.o.b.)	0.1950 - 0.2050	0.1900 - 0.2050	0.1900 - 0.2050	0.1900 - 0.2050	0.1850 - 0.2050	0.1970	0.2420
-- Southeast Extra Grade (Delvd)	0.2100 - 0.2300	0.2100 - 0.2250	0.2100 - 0.2250	0.2100 - 0.2250	0.2100 - 0.2250	0.2176	0.2355
WHEY PROTEIN CONCENTRATE							
-- Central And West (f.o.b.)							
-- Extra Grade 34% Protein	0.7425 - 0.7875	0.7425 - 0.7925	0.7325 - 0.7925	0.7200 - 0.7875	0.7300 - 0.7725	0.7586	0.4392
-- Mostly	0.7525 - 0.7725	0.7525 - 0.7725	0.7425 - 0.7725	0.7375 - 0.7475	0.7375 - 0.7475	0.7513	0.4450
ANIMAL FEED - WHEY							
-- Central (f.o.b.)							
-- Milk Replacer	0.1300 - 0.1500	0.1300 - 0.1500	0.1300 - 0.1500	0.1300 - 0.1500	0.1400 - 0.1550	0.1419	0.1723
-- Roller Ground	0.1700 - 0.1900	0.1650 - 0.1850	0.1650 - 0.1900	0.1650 - 0.1900	0.1600 - 0.1850	0.1759	0.1948
-- Dextrose	0.3750 - 0.4000	0.3750 - 0.4000	0.3750 - 0.4000	0.3750 - 0.4000	0.3750 - 0.4000	0.3875	0.2875
BUTTERMILK (Min. 30% protein)							
-- Central (f.o.b.)	0.9825 - 1.0200	0.9825 - 1.0200	0.9825 - 1.0200	0.9825 - 1.0200	0.9825 - 1.0200	1.0013	0.7967
-- West (f.o.b.)	0.8800 - 0.9650	0.9200 - 0.9650	0.9200 - 0.9650	0.9300 - 0.9650	0.9300 - 0.9650	0.9440	0.7474
-- Mostly	0.9000 - 0.9200	0.9200 - 0.9300	0.9200 - 0.9300	0.9300 - 0.9500	0.9300 - 0.9500	0.9318	0.7393
-- Northeast (f.o.b.)	0.9300 - 0.9800	0.9300 - 0.9800	0.9500 - 0.9800	0.9500 - 0.9800	0.9600 - 0.9800	0.9638	0.7967
-- Southeast (Delvd)	0.9500 - 0.9850	0.9500 - 0.9850	0.9700 - 0.9850	0.9700 - 1.0000	0.9700 - 1.0000	0.9788	0.8163
WHOLE MILK POWDER							
-- National							
-- National (f.o.b.)	1.2025 - 1.3200	1.2025 - 1.3200	1.2050 - 1.3200	1.2050 - 1.3200	1.2050 - 1.3200	1.2622	1.5357
LACTOSE							
-- Central And West (f.o.b.)	0.1225 - 0.2300	0.1225 - 0.2300	0.1225 - 0.2300	0.1300 - 0.2300	0.1450 - 0.2300	0.1800	0.2040
-- Mostly	0.1650 - 0.1750	0.1650 - 0.1750	0.1650 - 0.1750	0.1600 - 0.1700	0.1600 - 0.1700	0.1675	0.1900
CASEIN - Edible - National (f.o.b.)							
-- Nonrestricted - Rennet	2.1800 - 2.2600	2.1800 - 2.2600	2.1800 - 2.3000	2.1800 - 2.3000	2.1800 - 2.3000	2.2350	1.8250
-- Nonrestricted - Acid	2.1800 - 2.2900	2.1800 - 2.2900	2.1800 - 2.4000	2.1800 - 2.4000	2.1800 - 2.4000	2.2763	1.8400

1/ Prices for all products are issued once a week and represent a value for the entire week. Monthly averages are based on weekly prices and are time-weighted according to the number of workdays in the month - Saturdays, Sundays and National Holidays excluded. No monthly average is computed if one or more weekly prices are missing.

CHICAGO MERCANTILE EXCHANGE AVERAGES FOR SEPTEMBER 2000

COMMODITY	REPORT NUMBER 35:	REPORT NUMBER 36:	REPORT NUMBER 37:	REPORT NUMBER 38:	REPORT NUMBER 39:	2000 *	1999 *
	SEP 1	SEP 5 - 8	SEP 11 - 15	SEP 18 - 22	SEP 25 - 29	Monthly Average	Monthly Average
BUTTER*							
-- GRADE AA							
--Monday		#	1.1550	1.1775	1.2000		
--Tuesday							
--Wednesday		1.1475	1.1675	1.1950	1.1750		
--Thursday							
--Friday	1.1700	1.1450	1.1675	1.2025	1.1700	1.1727	1.3165
--Weekly Average**	1.2033	1.1463	1.1633	1.1917	1.1817		
CHEESE*							
-- BARRELS							
--Monday		#	1.2800	1.2900	1.2500		
--Tuesday		1.2200	1.2525	1.2750	1.2300		
--Wednesday		1.2400	1.2425	1.2750	1.1475		
--Thursday		1.2700	1.2900	1.2675	1.1200		
--Friday	1.2200	1.2800	1.2900	1.2500	1.0300	1.2360	1.4996
--Weekly Average**	1.1875	1.2525	1.2710	1.2715	1.1555		
-- 40# BLOCKS							
--Monday		#	1.3200	1.3250	1.2900		
--Tuesday		1.3300	1.3025	1.3225	1.2775		
--Wednesday		1.3250	1.3125	1.3200	1.1950		
--Thursday		1.3275	1.3300	1.3125	1.2150		
--Friday	1.3350	1.3275	1.3300	1.2975	1.1100	1.2953	1.6183
--Weekly Average**	1.2930	1.3275	1.3190	1.3155	1.2175		
NONFAT DRY MILK*							
-- EXTRA GRADE							
--Monday		#	1.0300	1.0300	1.0300		
--Tuesday		1.0300	1.0300	1.0300	1.0300		
--Wednesday		1.0300	1.0300	1.0300	1.0300		
--Thursday		1.0300	1.0300	1.0300	1.0300		
--Friday	1.0300	1.0300	1.0300	1.0300	1.0300	1.0300	1.0300
--Weekly Average**	1.0300	1.0300	1.0300	1.0300	1.0300		
-- GRADE A							
--Monday		#	1.0300	1.0300	1.0300		
--Tuesday		1.0300	1.0300	1.0300	1.0300		
--Wednesday		1.0300	1.0300	1.0300	1.0300		
--Thursday		1.0300	1.0300	1.0300	1.0300		
--Friday	1.0300	1.0300	1.0300	1.0300	1.0300	1.0300	1.0481
--Weekly Average**	1.0300	1.0300	1.0300	1.0300	1.0300		

* Monthly averages are a simple average of all the closes during the month. Weekly and monthly averages are independent calculations.

** Weekly averages are simple averages of the closes during the calendar week and are for information purposes. Should the week be split between two months, the weekly average will appear in the monthly report in which the Friday close is reported.

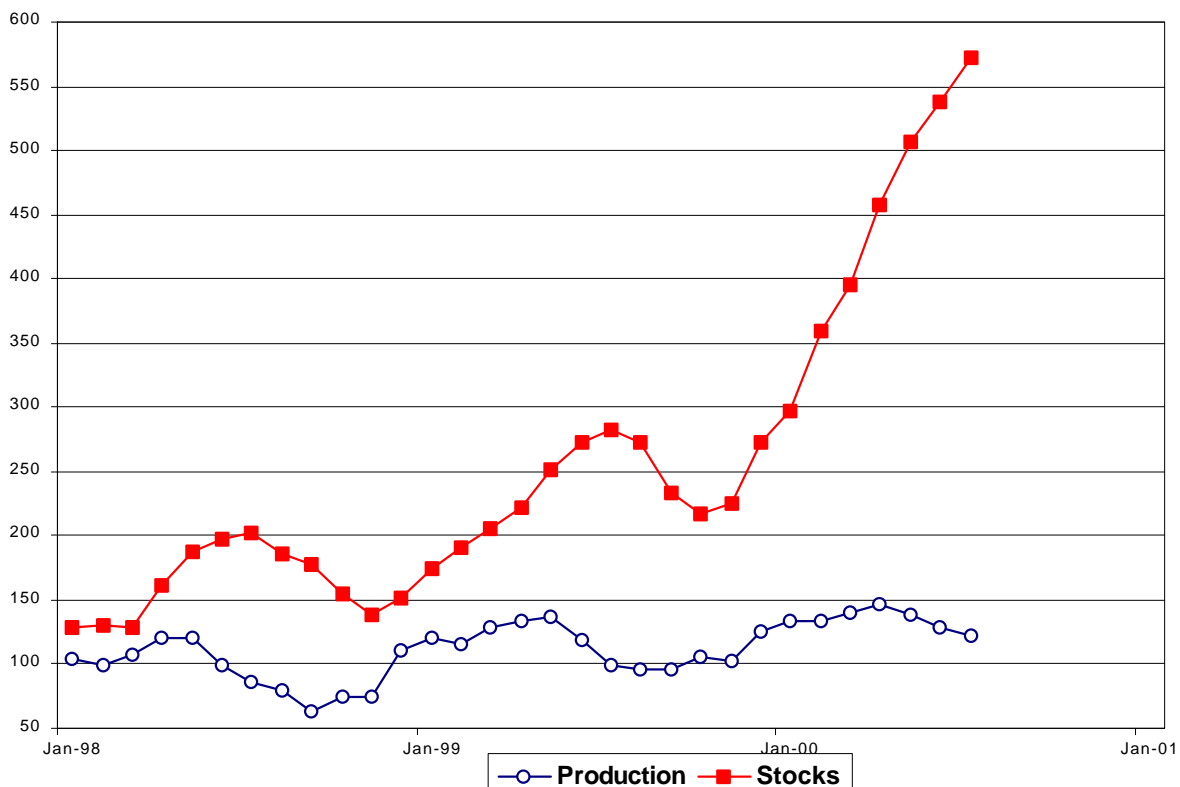
No trading. The CME was closed for the observance of Labor Day.

SEPTEMBER 2000 DEIP BID ACCEPTANCES

ACCEPTANCE DATE	DESTINATION	QUANTITY (MT)	DEL. PERIOD	BONUS/MT
NONFAT DRY MILK				
JULY - AUGUST 2000		12,750		
SEPTEMBER 1 - 30, 2000		<u>0</u>		
CHEESE				
JULY - AUGUST 2000		3,030*		
SEPTEMBER 1 - 30, 2000		<u>0</u>		
C-CHEDDAR, G-GOUDA, M-MOZZARELLA, P-PROCESSED AMERICAN, CC-CREAM CHEESE, MJ-MONTEREY JACK, V - VARIETAL				
BUTTERFAT				
JULY - AUGUST 2000		0		
SEPTEMBER 1 - 30, 2000		<u>0</u>		
A-ANHYDROUS MILKFAT, B-BUTTER				
TOTAL MT				PROGRAM TO DATE
TOTAL BONUS VALUE				15,780
				\$5,692.000

Exporters of U.S. milk powder, butterfat and cheddar cheese are aided under the Dairy Export Incentive Program (DEIP), created by Food Security Act of 1985 and extended by the Food, Agriculture, Conservation, and Trade Act of 1990. Export sales are facilitated through payment of bonuses by the U.S. Department of Agriculture's Commodity Credit Corporation. Sales of dairy products will be made through normal commercial channels at competitive world prices. For further information call L.T. McElvain (202) 720-6211. Conversion: 1 metric ton (MT) = 2,204.6 pounds. **SOURCE: FOREIGN AGRICULTURAL SERVICE**

* Program year allocations are filled

NDM PRODUCTION VS. COLD STORAGE HOLDINGS - Million Pounds

SEPTEMBER AGRICULTURAL PRICES HIGHLIGHTS

The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in September 2000 declined 1 point to 118. Compared with September 1999, the index up 3 points (2.6 percent). The index of prices received by farmers for dairy products advanced 3 points during the month of September 2000 to 99. Compared with September 1999, the index was down 21 points (17.5 percent).

Prices received by farmers in September with changes from August were: for All Milk, \$12.90 per hundredweight (cwt.), up \$.30; Fluid Grade Milk, \$12.90 per cwt., up \$.30; and for Manufacturing Grade Milk, \$11.10 per cwt., up \$.40.

SELECTED MILK PRICES, COWS AND DAIRY FEED PRICES, SELECTED STATES AND U.S., SEPTEMBER 2000 WITH COMPARISONS

STATE	All-milk price 1/ 3/				Milk cows 5/		Cows 6/		All hay baled 7/	
	Dollars per cwt.		Dollars per cwt.		Dollars per head		Dollars per cwt.		Dollars per ton	
	AUGUST		SEPTEMBER		SEPTEMBER		SEPTEMBER		SEPTEMBER	
	2000 2/	1999 2/	2000 4/	1999 2/	2000	1999	2000 7/	1999 8/	2000	1999
CA	11.99	15.10	12.20	14.32	PRICES PUBLISHED JANUARY, APRIL, JULY AND OCTOBER		35.50	34.50	83.00	78.00
ID	10.60	16.00	11.20	14.90			35.20	34.20	97.00	82.00
MI	13.60	13.90	13.70	15.90			37.50	35.50	63.00	68.00
MN	12.40	16.63	12.80	16.34			41.00	36.20	54.00	59.00
NY	13.60	14.50	13.90	15.90			---	---	111.00	106.00
OH	12.90	13.70	13.10	15.70			37.00	34.30	89.00	100.00
PA	13.80	15.00	14.00	16.50			38.00	35.80	107.00	136.00
TX	13.70	15.10	14.00	16.60			32.30	32.50	83.00	74.00
WA	12.60	15.10	12.80	15.70			---	---	103.00	91.00
WI	11.90	16.34	12.30	16.64			38.70	36.10	32.00	47.00
U.S.	12.60	15.10	12.90	15.70			37.30	34.60	82.70	76.60

1/ Prices are shown at reported butterfat test. 2/ Partially revised. 3/ Before deductions for hauling. Includes quality, quantity, and other premiums. Excludes hauling subsidies. 4/ Preliminary. 5/ Animals sold for dairy herd replacement only. 6/ Beef cows and cull dairy cows sold for slaughter. 7/ Mid-month price. 8/ Entire month.

MILK AND OTHER GENERAL PRICE MEASURES, U.S., SEPTEMBER 2000 WITH COMPARISONS

ITEM	SEPTEMBER 1999	AUGUST 2000 1/	SEPTEMBER 2000 2/
PRICES RECEIVED BY FARMERS , dol. per cwt., at reported butterfat test:			
All milk	15.70	12.60	12.90
Fluid grade milk	15.70	12.60	12.90
Manufacturing grade milk	15.10	10.70	11.10
INDEX NUMBERS (1990-92=100):			
Prices received by farmers for all farm products	96	98	99
Prices received by farmers for dairy products	120	96	99
Prices paid by farmers for commodities and services, interest taxes, and wage rates	115	119	118
Prices paid by farmers for production items	112	115	114
Prices paid by farmers for feed	97	95	92
MILK FEED PRICE RATIO: Pounds of 16% Mixed Dairy Feed equal in value to one pound of milk 3/	4.09	3.40	3.39

1/ Partially revised. 2/ Preliminary. 3/ For this data series, the price of the commercial prepared feed is based on current U.S. prices received for corn, soybeans, and alfalfa hay.

SOURCE: "Agricultural Prices," Pr 1 (9/00), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.

AUGUST 2000 DAIRY PRODUCTS HIGHLIGHTS

BUTTER production was 85.5 million pounds in August, 9.3 percent above August 1999 but 1.7 percent below July 2000. **AMERICAN TYPE CHEESE** production totaled 304.5 million pounds, 3.9 percent above August 1999 but 5.3 percent below July 2000. **TOTAL CHEESE** output (excluding cottage cheese) was 687.9 million pounds, 6.1 percent above August 1999 but 0.3 percent below July 2000. **NONFAT DRY MILK** production, for human food, totaled 105.3 million pounds, 9.9 percent above August 1999 but 13.5 percent below July 2000. **DRY WHEY** production, for human food, was 90.4 million pounds, 2.2 percent below August 1999 and 0.4 percent below July 2000. **ICE CREAM** (hard) production totaled 79.2 million gallons, 3.1 percent below August 1999 and 4.1 percent below July 2000.

PRODUCTION OF DAIRY PRODUCTS									
PRODUCT	AUG 2000	PERCENT CHANGE FROM:			PRODUCT	AUG 2000	PERCENT CHANGE FROM:		
	1,000 LBS.	AUG 1999	JUL 2000	YEAR TO DATE 1/		1,000 LBS.	AUG 1999	JUL 2000	YEAR TO DATE 1/
BUTTER	85,531	9.3	-1.7	3.4	YOGURT (PLAIN AND FLAVORED)	155,672	3.0	6.5	---
CHEESE					CONDENSED WHEY, SOLIDS CONTENT 6/				
AMERICAN TYPES 2/	304,510	3.9	-5.3	4.7	SWEET -TYPE, HUMAN FOOD	8,262	-23.2	-18.0	---
CHEDDAR	237,863	5.2	-5.7	4.1	SWEET -TYPE, ANIMAL FEED	1,168	-21.0	1.3	---
SWISS	18,512	3.3	-4.8	---	DRY WHEY PRODUCTS				
BRICK & MUENSTER	7,886	14.8	0.2	---	DRY WHEY, HUMAN FOOD	90,443	-2.2	-0.4	---
CREAM & NEUFCHATEL	62,814	17.2	18.7	---	DRY WHEY, ANIMAL FEED	8,310	28.5	-12.7	---
HISPANIC	8,486	15.7	-1.2	C	REDUCED LACTOSE AND MINERALS				
MOZZARELLA	216,499	5.1	0.8	6.8	HUMAN FOOD	4,477	-31.9	-26.7	---
OTHER ITALIAN TYPES	51,129	8.4	5.5	11.9	ANIMAL FEED	3,122	14.2	---	---
TOTAL ITALIAN TYPES	267,628	5.7	1.7	7.8	LACTOSE, HUMAN FOOD & ANIMAL FEED	39,616	4.3	-0.5	---
ALL OTHER TYPES	18,060	10.1	10.7	---	WHEY PROTEIN CONCENTRATE				
TOTAL	687,896	6.1	-0.3	6.1	HUMAN FOOD	29,089	7.5	-0.6	---
COTTAGE CHEESE, CURD 3/	39,690	0.1	5.1	---	ANIMAL FEED	3,907	4.5	5.3	---
COTTAGE CHEESE, CREAM 4/	32,096	0.1	6.9	-1.0					
COTTAGE CHEESE, LOWFAT 5/	31,053	-2.5	5.3	-1.0	FROZEN PRODUCTS	1,000 GALLONS	PERCENT CHANGE FROM:		
CANNED EVAPORATED & CONDENSED					ICE CREAM (HARD)	79,206	-3.1	-4.1	0.6
WHOLE MILK	36,743	-14.1	17.7	---	ICE CREAM, LOWFAT (HARD)	8,334	0.5	3.5	---
DRY WHOLE MILK	8,029	-23.4	-10.5	---	ICE CREAM, LOWFAT (SOFT)	31,012	-0.8	-3.2	---
NONFAT DRY MILK, HUMAN FOOD	105,257	9.9	-13.5	10.3	ICE CREAM, LOWFAT (TOTAL)	39,346	-0.6	-1.8	-2.1
DRY SKIM MILK, ANIMAL FEED	610	84.8	-2.9	---	SHERBET (HARD)	5,119	-0.7	7.2	-1.8
DRY BUTTERMILK	2,827	-6.9	-10.7		YOGURT (TOTAL)	8,364	-4.3	-2.5	-9.2

MANUFACTURERS' STOCKS, END OF MONTH 7/

PRODUCT	AUG 2000	PERCENT OF:		PRODUCT	AUG 2000	PERCENT OF:	
	1,000 LBS.	AUG 1999	JUL 2000		1,000 LBS.	AUG 1999	JUL 2000
DRY WHEY PRODUCTS				WHEY PROTEIN CONCENTRATE			
DRY WHEY, HUMAN FOOD	47,771	2.5	-1.5	HUMAN FOOD	16,966	3.4	-9.0
DRY WHEY, ANIMAL FEED	12,151	42.8	6.4	ANIMAL FEED	1,493	24.1	11.8
REDUCED LACTOSE & MINERALS—HUMAN & ANIMAL 8/	10,708	-16.9	-10.7	CANNED EVAPORATED & CONDENSED WHOLE MILK	65,312	5.3	0.1
LACTOSE, HUMAN FOOD & ANIMAL FEED	27,188	47.5	7.8	DRY WHOLE MILK	7,660	20.0	-17.4
DRY BUTTERMILK, TOTAL	3,402	-36.6	-10.6	NONFAT DRY MILK FOR HUMAN FOOD	151,446	39.2	-20.1
				DRY SKIM MILK FOR ANIMAL FEED	1,122	-30.7	10.8

1/ 2000 cumulative as percent change of 1999 cumulative. 2/ Whole milk cheese, including Cheddar, colby, monterey and jack. 3/ Mostly used for processing into creamed or lowfat cottage cheese.

4/ Fat content 4 percent or more. 5/ Fat content less than 4 percent. 6/ Final marketable product only. Does not include quantity used or shipped to another plant for further processing into dry whey or modified whey products. 7/ Stocks held by manufacturers at all points and in transit. 8/ Reduced lactose and minerals stocks combined to avoid disclosure of individual operations.

SOURCE: "Dairy Products," Da 2-6 (10-00), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.

THE DAIRY SITUATION AND OUTLOOK*

Milk Output Refuses To Ease. Milk production continued to boom this summer, as recent low milk prices have yet to offset the delayed effects of strong 1998-99 milk prices, and favorable feed and weather conditions boosted milk per cow. Milk production is expected to post large increases during the rest of 2000. Milk cow numbers in the 20 States have risen from the previous month every month since October 1999 and have moved generally upward since late 1998. Stronger farmers have expanded at a brisk rate, while exit of producers under income stress has not accelerated much. In addition, high prices of replacement animals, relative to slaughter prices, probably have sent an unusually large share of the cows from exiting farms into other herds. Summer conditions for milk per cow were good, but not wonderful. Milk-feed price ratios have encouraged heavy concentrate feeding, even if they failed to match the very high ratios of 1998 and 1999. For most of the country, summer weather has been relatively free of stressful heat. Forage quality has been mixed, but supplies of adequate quality fodder were generally large in dairy areas. Late 2000 and 2001 growth in milk per cow is expected to be fairly strong, as recent patterns are likely to continue. Milk per cow is projected to rise at trend or slightly above-trend rates relative to longer term averages. However, increases might appear somewhat modest in some quarters when compared with particularly strong performance a year earlier. Current returns probably will lead to a resumption of declining milk cow numbers. However, the timing of such decreases is still rather uncertain. The delayed effects of late-nineties returns on structural changes in dairy farming clearly have been unusually sizable and protracted. Milk cow numbers are projected to remain above a year earlier until at least early 2001. Milk cows are expected to average about 1 percent above a year earlier in 2000 and could decline about that much in 2001, if the turning point is reached by next winter. Milk production is projected to rise about 3 percent this year, almost matching the 1999 gain. Output has grown as much during the last 2 years as during the preceding 7 years. Milk production in 2001 is projected to be about the same as in 2000, although further expansion certainly is possible.

Stocks Heavy as Demand Cannot Keep Pace. September 1 stocks of butter and cheese were very large and above a year earlier, although holdings had eased a bit from recent months. Larger stocks were in part a response to the price volatility of recent years and the inadequacy of previous stock levels to maintain smooth product movement. However, summer warehouse stocks probably were larger than desired, particularly since pipeline holdings apparently were also large. Summer manufacturers' stocks of nonfat dry milk were larger than needed. Heavy production, limited opportunities for DEIP exports, and very unaggressive domestic demand caused powder to back up in stocks, despite fairly heavy sales to the Government. Total commercial dairy stocks on August 1 considerably exceeded the equivalent of 10 billion pounds of milk on either a milkfat or skim solids basis.

Demand for dairy products was fairly strong in late spring-early summer, supported by continued economic growth. Commercial use was generally stronger than a year earlier, although the very erratic product movement in 1999 makes comparisons problematic. Even so, commercial use appeared just slightly sluggish in light of continued low prices. For products sold at retail, sales probably were dampened by the stickiness of retail price declines, while wholesale users may be reducing use in delayed response to the generally high 1998-99 prices. Dairy demand is expected to stay fundamentally solid. However, growth in demand is not likely to reduce commercial stocks sufficiently to generate significant price recovery as long as milk production increases remain so large. Commercial use is projected to increase about 3 percent for all of 2000. In 2001, sales are projected to rise briskly on a skim basis but may be about unchanged on a milkfat basis.

Dairy Prices Unsteady. Wholesale cheese and butter prices rose and fell a number of times during spring and summer. The dominant story was one of very large supplies outweighing demand growth and forestalling substantial price recovery. However, erratic growth in milk output, very large and variable warehouse stocks, and uncertainty about how much of the current product was moving to consumers and how much into pipeline stocks contributed to market confusion. Although conditions normally become clearer as the yearend holidays approach, wholesale prices this year may remain relatively unsettled. Farmers are projected to receive an autumn manufacturing value somewhat higher than a year earlier, but average milk prices will still be below 1999. For the year, milk prices will average almost \$2 per cwt below 1999 and \$3 less than the 1998 record. In 2001, farm milk prices are projected to average about the same or slightly higher than this year. However, the strongest 2001 prices are expected during the second half. If milk production increases stay significant, this seasonal rise may not develop. On the other hand, continuation of the support purchase program or stronger-than-expected international prices would generate higher prices than currently projected for the first half of 2001.

SOURCE: "Livestock, Dairy, and Poultry Situation and Outlook", LDP-M-75, September 28, 2000, Economic Research Service, USDA. For more information on the LDP report, contact James J. Miller, (202) 694-5184.

Editor's Note: This summary was condensed from that appearing in the publication by the Market Information, Dairy Programs, Agricultural Marketing Service.

FEDERAL MILK ORDER CLASS AND COMPONENT PRICES, SEPTEMBER

Component Price Information: Under the Federal milk order pricing system, the butterfat price for September 2000 is \$1.2707 per pound. Thus, the Class II butterfat price is \$1.2777. The protein and other solids prices for September are \$2.0137 and \$0.0502 per pound, respectively. These component prices set the Class III skim milk price at \$6.54 per cwt. The September Class IV skim milk price is \$7.76 which is derived from the nonfat solids price of \$0.8624 per pound.

Product Price Averages: The product price averages for September are; butter \$1.1560, nonfat dry milk \$1.0166, cheese \$1.2315, and dry whey \$0.1856.

FEDERAL MILK ORDER MINIMUM CLASS PRICES FOR MILK OF 3.5 PERCENT BUTTERFAT <u>1/</u> <u>2/</u>						
FEDERAL MILK ORDER MARKETING AREAS <u>3/</u>	ORDER NUMBER	SEPTEMBER 2000				OCTOBER 2000
		CLASS I	CLASS II	CLASS III	CLASS IV	CLASS I
		DOLLARS PER 100 POUNDS				
Northeast (Boston) <u>4/</u>	001	15.09	12.58	10.76	11.94	15.14
Appalachian (Charlotte) <u>5/</u>	005	14.94	12.58	10.76	11.94	14.99
Southeast (Atlanta) <u>6/</u>	007	14.94	12.58	10.76	11.94	14.99
Florida (Tampa) <u>7/</u>	006	15.84	12.58	10.76	11.94	15.89
Midwest (Cleveland) <u>8/</u>	033	13.84	12.58	10.76	11.94	13.89
Upper Midwest (Chicago) <u>9/</u>	030	13.64	12.58	10.76	11.94	13.69
Central (Kansas City) <u>10/</u>	032	13.84	12.58	10.76	11.94	13.89
Southwest (Dallas) <u>11/</u>	126	14.84	12.58	10.76	11.94	14.89
Arizona-Las Vegas (Phoenix) <u>12/</u>	131	14.19	12.58	10.76	11.94	14.24
Western (Salt Lake City) <u>13/</u>	135	13.74	12.58	10.76	11.94	13.79
Pacific Northwest (Seattle) <u>14/</u>	124	13.74	12.58	10.76	11.94	13.79
All-Market Average	---	14.42	12.58	10.76	11.94	14.47

1/ To convert the Class I price per 100 pounds to the Class I price per gallon, divide 11.63--the approximate number of gallons in 100 pounds of milk.

2/ Note: The mandatory \$0.20 per cwt. processor assessment under the Fluid Milk Promotion Order is not included in the Class I prices shown on this table.

3/ Names in parentheses are principal pricing points of markets.

4/ Class I prices at other points are: New York City, minus \$0.10; Philadelphia, minus \$0.20; Baltimore, minus \$0.25; and Washington, DC, minus \$0.25.

5/ Class I prices at other points are: Knoxville, minus \$0.30 and Louisville, minus \$0.90.

6/ Class I prices at other points are: New Orleans; plus \$0.50; Memphis, minus \$0.30; Nashville, minus \$0.50; and Springfield, Mo., minus \$0.90.

7/ Class I prices at other points are: Orlando, same; Miami, plus \$0.30; and Jacksonville, minus \$0.30.

8/ Class I prices at other points are: Indianapolis, same; Cincinnati, plus \$0.20; Pittsburgh, plus \$0.10; and Detroit, minus \$0.20.

9/ Class I prices at other points are: Milwaukee, minus \$0.05; and Minneapolis, minus \$0.10.

10/ Class I prices at other points are: Des Moines, minus \$0.20; Omaha, minus \$0.15; Oklahoma City, plus \$0.60; St. Louis, same; and Denver, plus \$0.55.

11/ Class I prices at other points are: Houston, plus \$0.60; San Antonio, plus \$0.45; Albuquerque, minus \$0.65; and El Paso, minus \$0.75.

12/ Class I price at Las Vegas is minus \$0.35.

13/ Class I price at Boise is minus \$0.30.

14/ Class I prices at other points are: Portland, same; and Spokane, same.

CCC PURCHASES OF DAIRY PRODUCTS

	FOR THE WEEK OF OCTOBER 2 - 6, 2000			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/00	SAME PERIOD LAST YEAR	PERIOD ENDING 09/29/00	SAME PERIOD LAST YEAR
BUTTER							
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
CHEESE							
Block	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Process	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
NONFAT DRY MILK							
Nonfortified	7,450,970	132,276	7,318,694	7,318,694	1,006,686	-0-	-0-
Fortified	-0-	-0-	-0-	-0-	396,752	-0-	-0-
TOTAL	7,450,970	132,276	7,318,694	7,318,694	1,403,438	-0-	-0-

MILK EQUIVALENT, MILKFAT AND SKIM SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MI LKFAT*	SKIM**		MI LKFAT*	SKIM**
	<u>BASIS</u>	<u>SOLIDS</u>		<u>BASIS</u>	<u>SOLIDS</u>
WEEK OF OCTOBER 2 - 6, 2000 =	1.6	85.2	COMPARABLE WEEK IN 1999 =	0.3	16.3
CUMULATIVE SINCE OCTOBER 1, 2000 =	1.6	85.2	CUMULATIVE SAME PERIOD LAST YEAR =	0.3	16.3
CUMULATIVE JANUARY 1 - OCTOBER 6, 2000 =	162.3	5,264.2	COMPARABLE CALENDAR YEAR 1999 =	41.2	2,180.9

* Factors used for Milkfat Solids Basis: Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22

**Factors used for Skim Solids Basis: Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES FOR THE WEEK OF OCTOBER 2 - 6, 2000 (POUNDS)

	BUTTER			CHEESE			NONFAT DRY MILK	
REGION	BULK	PACKAGED	UNSALTED	BLOCK	BARREL	PROCESS	NONFORTIFIED	FORTIFIED
MIDWEST	-0-	-0-	-0-	-0-	-0-	-0-	257,897	-0-
WEST	-0-	-0-	-0-	-0-	-0-	-0-	7,060,797	-0-
EAST	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-

CCC ADJUSTED PURCHASES SINCE 10/1/00 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT	
REGION	2000/01	1999/00	2000/01	1999/00	2000/01	1999/00	2000/01	1999/00
MIDWEST	-0-	-0-	-0-	-0-	257,897	-0-	3.5	0.0
WEST	-0-	-0-	-0-	-0-	7,060,797	1,403,438	96.5	100.0
EAST	-0-	-0-	-0-	-0-	-0-	-0-	0.0	0.0
TOTAL	-0-	-0-	-0-	-0-	7,318,694	1,403,438	100.0	100.0

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER JULY 31, 2000

MANUFACTURING MILK: Average Test 3.67% - \$9.90 per cwt.; 3.5% - \$9.80

DOLLARS PER POUND

BUTTER: Bulk \$.6680; 1# Prints \$.6980

CHEESE: 40 & 60# Blocks \$1.1220; 500# Barrels \$1.0920; Process American 5# \$1.1745; Process American 2# \$1.2145

NONFAT DRY MILK: Nonfortified \$1.0100; Fortified \$1.0200; Instant \$1.1675

Dairy Cow & Total Cow Slaughter under Federal Inspection, by Regions & U.S., for Week Ending 09/16/00 & Comparable Week 1999 1/ 2/

Regions*											U.S. TOTAL		% DAIRY OF ALL		
		1	2	3	4	5	6	7	8	9	10	WEEK : SINCE JAN 1	WEEK : SINCE JAN 1		
2000-Dairy cows	HD (000)	0.2	1.0	5.9	4.6	21.2	2.7	1.0	0.8	10.7	2.4	50.5	1,869.3	47.2	48.8
1999-Dairy cows	HD (000)	0.3	1.0	6.3	5.5	18.3	2.5	2.8	0.7	9.3	2.9	49.5	1,836.5	46.1	46.1
2000-All cows	HD (000)	0.2	1.2	7.9	13.4	29.2	17.9	13.6	4.6	13.2	5.6	106.9	3,833.3		
1999-All cows	HD (000)	0.3	1.2	8.9	13.5	25.6	15.4	18.6	4.3	11.9	7.7	107.3	3,981.2		

SOURCE: The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

BASIC FORMULA PRICE (BFP), (3.5% BF, \$/CWT, FOR COMPARISON PURPOSES ONLY)

YEAR	JAN.	FEB.	MAR.	APR.	MAY	JUN.	JUL.	AUG.	SEP.	OCT.	NOV.	DEC.
1998	13.25	13.32	12.81	12.01	10.88	13.10	14.77	14.99	15.10	16.04	16.84	17.34
1999	16.27	10.27	11.62	11.81	11.26	11.42	13.59	15.79	16.26	11.49	9.79	9.63

FEDERAL MILK ORDER CLASS PRICES FOR 2000 (3.5% BF)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Class I 1/	10.90	10.71	10.84	10.93	11.48	11.70	12.46	11.95	11.84	11.89		
Class II	11.43	11.51	11.71	12.10	12.63	13.08	12.58	12.56	12.58			
Class III	10.05	9.54	9.54	9.41	9.37	9.46	10.66	10.13	10.76			
Class IV	10.73	10.80	11.00	11.38	11.91	12.38	11.87	11.87	11.94			

1/ Specific order differentials to be added to this base price are located at: www.ams.usda.gov/dairy/fmor_announce.htm